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DEPARTMENT OF DEFENSE
COST REDUCTION REPORT

Published by the Office of the Assistant Secretary of Defense (Installations & Logistics) Issue No. 10 July 1965

MAJOR BRIEFINGS AND EXHIBITS ACCENT ECONOMY

NO "MAKE-WORK" PRACTICE FOR DEFENSE, SAYS KEY OFFICIAL

"We are willing to pay whatever it may cost to provide the forces required to support these (national security) objectives, but we do not intend to spend a single dollar more than is needed." This message came through forcefully in the keynote address by Paul R. Ignatius, Assistant Secretary of Defense for Installations and Logistics before the DoD/NSIA Advanced Planning Briefing Conference at Los Angeles, Calif., on March 3, 1965.

Secretary Ignatius closed his remarks with the following statement.

"Where we can take advantage of competition and the incentives inherent in the American economic system, we will do so. Where we can strengthen our military power by developing and producing new weapons systems, we will do so. But we will not spend defense funds or start the

(Cont. MAKE-WORK, p. 23)

d of Packing Wheel Bearings
SPECIFIED LUBRICANT

CONTRACTORS SHOW COST REDUCTION ACHIEVEMENTS

Defense contractors made extensive use of exhibits to illustrate their cost-reduction ideas and achievements at the five regional unclassified advanced planning briefings for business, industry, and labor held in March and April at Los Angeles, New York, Chicago, Dallas, and Washington, D.C. The exhibits and briefings were jointly sponsored by the Department of Defense and the National Security Industrial Association.

The exhibits were designed to provide a cross-fertilization of cost-reduction ideas among contractors, to promote cost consciousness and to stimulate additional contributions by personnel in Government and industry.

The companies represented in the exhibits are in the defense contractor cost reduction program. The defense contractor cost reduction program was established by the Department of Defense and

(Cont. ACHIEVEMENTS, p. 7)

Cost Reduction Report

Published by the Office of the Assistant Secretary of Defense (Installations & Logistics). Issue #10

WHY THE PUBLICATION?

Cost reduction is no accident. The only cost reductions that get counted result from "new, improved, or intensified management action."

Organization charts, reporting systems, and balance sheets do not initiate management actions. People do—people who, first, are informed about how to cost-reduce; and, second, are then motivated to act on that information.

This publication has no other objectives.

* * * * *

COST REDUCTION GETS NEW DASD

Robert C. Moot, recently comptroller for the Defense Supply Agency since its establishment, was selected on April 23 as the Deputy Assistant Secretary of Defense for Logistics Services, a position encompassing policy responsibility for the Defense cost reduction program. Mr. Moot is an 18-year veteran of the civil service whose experience includes several years as comptroller for the Bureau of Supplies and Accounts, Navy Department, and subsequently, as Director for Supply Management Policy in the Office of the Assistant Secretary of Defense (Supply and Logistics).

APATHY TOUGHEST FOE SAYS COST REDUCTION OFFICIAL

The organization, public or private, that thinks it has "had it up to here" in cost reduction generally is the one that can most profit from new ideas and renewed stimulation.

Paul H. Riley

Paul H. Riley, Deputy Assistant Secretary of Defense presented this message to over one thousand executives at an advanced planning briefing for business, industry, and labor in Los Angeles on March 3. Mr. Riley stated that cost reduction begins with an attitude of optimism that nothing in management is so good that it cannot be improved, and an attitude of willingness to rise to a challenge. Referring to the base closings announced last December, Mr. Riley pointed out that economic revitalization of the affected communities "depends much more on community initiative and community leadership than it does on Federal advice and assistance." He noted that some of the real estate made excess by base closings is now used for airports in 10 States, for educational facilities in 28 States, for recreational purposes in 22 States, and for industrial development in 30 States.

SPRING MOUNTING CUTS GAGE BREAKAGE

TSgt. Albert R. Kingman (at right in photo), an engine technician with the 49th Tactical Fighter Wing engine shop, Spangdahlem Air Base, Germany, explains to SSgt. Ronald Cowan, an engine repair supervisor, that the temperature gage for the J–75 engine will better resist engine heat and vibration when mounted on a spring instead of fixed-mounted to the engine. Sgt. Kingman's idea for the change in the mounting sharply curbed gage breakage and saved maintenance costs of $26,000 yearly at Spangdahlem.

NAVY PROMOTES PROGRAM

Mrs. Betty Lou Sloper of the Office of Naval Material displays the latest of six posters being used by Naval shore activities to promote cost reduction.

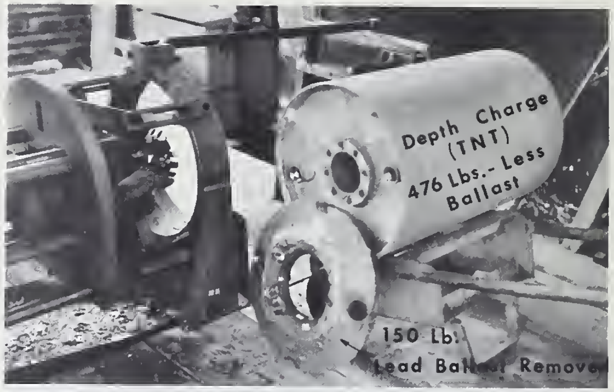
TV Reaches New High

When terrain contours blocked the control tower's view of the new 3,000-foot extension to the test runway at NAS Lakehurst (N.J.), a TV camera was swivel-mounted on an elevation to project a 16-inch image to the tower operator. This closed-circuit TV arrangement, costing $8,600, made it unnecessary to build a $48,000 extension to the control tower. Shown at left is the tower operator monitoring the receiver.

BENEFICIAL SUGGESTER DEMONSTRATING DEVICE

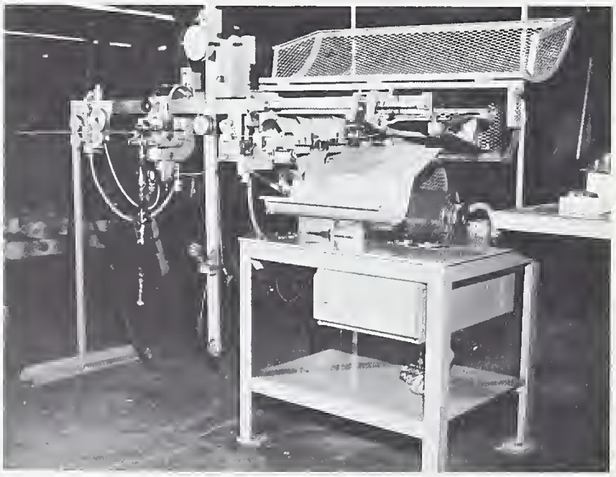
SERGEANT SAVES MARINES $5,500

SSgt. Mack Malone, Jr., presently serving with headquarters battalion of the 1st Marine Division, Camp Pendleton, Calif., designed a bench tester which permits the clutch assembly of tank and amphibian tractor starters to be tested for correct adjustment prior to installation. This test equipment saved $5,512 in fiscal year 1964. Before SSgt. Malone devised this tester, starters were installed and the crucial test came when the driver pushed the starter button. If it did not work, this meant the installation of a new clutch assembly at the cost of $26.70 each plus labor.



TAKE THE LEAD OUT!

By removing lead ballasts from depth charges prior to shipment, the Bureau of Naval Weapons saved $41,682. The depth charge consists of a cylindrical aluminum case containing high explosives (TNT), and a heavy lead ballast at one end. Fifteen thousand depth charges (5,060,824 lbs.) were required by the Naval Ammunition Depot (NAD) Hawthorne, Nev., for an assigned CNO project. The transportation freight rate for shipping the explosive depth charge from NAD, Hastings, Nebr., to NAD, Hawthorne is $3.41 per hundredweight, whereas the cost per hundredweight for shipping lead is $1.62. Since the lead must be removed at destination, removal was made at Hastings instead.



WIRED FOR SAVINGS

Gone is the time-consuming, fatiguing manual preparation of wire for communications systems at Tobyhanna Army Depot, Pennsylvania. The machine shown at left cuts, strips, counts and marks the wires. The machine has a capacity of 3000 finished pieces per hour.

CRACKDOWN ON CRACKS

ENGINEER SAYS "JOB IS WHAT YOU MAKE IT"

A 25-year-old aeronautical engineer who saved the Air Force $166,811 last year, likes the "challenge" of civil service, finds Air Force engineering work "creative" and contends that "your job is what you make it".

Savings from the cost-reduction ideas of James E. Peale, Warner-Robins Air Material Area, may total more than $1.5 million through fiscal year 1966.

During 1963 corrosion fatigue cracks began to appear in the C–130 aircraft outer wing panel structure. These cracks resulted from stress concentrations which caused minute openings in the grain structure beneath the metal surface. Moisture and other corrosive substances enter these microscopic openings in the structural material through tiny surface irregularities such as scratches, nicks, and unprotected metal surfaces under rivet heads and rivet holes.

The first visible sign of corrosion usually appears as a small blister which later breaks through the surface in the form of a corrosion crack. At this stage the structural material has usually deteriorated so that the majority of its original strength is lost. Previously, the only known method to prevent grounding of the aircraft was to replace cracked panels.

Eight C–130 aircraft wing panels comprise the basic structure of the wing which carries the total aerodynamic loads. Cost per panel is $5,572 and time required to manufacture new panels is 6 months.

Peale, who is assigned to the service engineering division of the WRAMA Materiel Management Directorate, was made project engineer. Working closely with Capt. James H. Humphries, Jr., Peale designed an **H**-fitting from the mathematical model. The fitting was then modified to meet production demands and installed to restore the structural strength.

James Peale (left) and Lawrence C. Steinwetz, aircraft sheet metal foreman at Robins AFB, George, inspect a C–130 aircraft wing panel for cracks.

Wing panels were repaired by milling out the areas containing corrosion fatigue cracks. Then the locally designed and manufactured fitting was installed to restore the wing panel to its original strength. A procedure for inspection and repair of the cracks in C–130A and C–130B aircraft has been developed and published in the formal Air Force technical order system.

After extensive tests, examinations, and analysis by WRAMA engineering and materials laboratory personnel, it was determined that the entire fleet of C–130 aircraft should be inspected to insure safety in flight. At first, 70 of the 561 aircraft involved were inspected using ultrasonic testing techniques and equipment instead of the old method of dye penetrant and visual inspection. This provided necessary information to determine the severity and magnitude of the corrosion prob-

(Cont. CRACKDOWN, p. 23)

CONTRACT SERVICES—SOMETIMES HIGHER, SOMETIMES LOWER

INHOUSE POWERPLANT REPAIRS SAVE MONEY

Local repair of C–124 Globemaster powerplant components and subcomponents, rather than off-base depot or contract repair, is the basis of major cost reduction program savings being compiled within the 62d Troop Carrier Wing's Field Maintenance Squadron.

Since July 1963 more than $70,000 in auditor-validated savings has been achieved by what 62d TCW maintenance officials term "inhouse" or "in-shop" repairs to components and subcomponents. Four specific examples are oil ratio flow dividers, cowl flap jack screws, temperature control valves, and oil cooler temperature control valve.

Locally designed and manufactured fixtures for component repair (one of which is a jig for jack screws) reduced the manhours required for component overhaul. Increased on-the-job training and development of shop inspection standards based on overhaul tech orders are the key to assurance of satisfactory accomplishment of this work.

The "inhouse" repair program has netted both a savings of thousands of dollars and a speedup in component flow time. Result: An improved in-commission rate for the 62d's aging but still highly dependable fleet of C–124's. The effect on the Wing's global mission is substantial. The "in-house" concept has been a contributing factor in the Wing's notable response during emergency situations such as the Alaskan earthquake when the Globemasters rendered critical supply airlift around the clock.

INHOUSE SERVICING OUT FOR AIRCRAFT RESTROOMS AT OTIS AFB

The Air Force is expected to save some $79,000 next year by having awarded a janitorial contract to a local civilian firm. The contractor will perform work formerly handled by 30 men who made up the entire Terminal Services Section at OTIS AFB in Massachusetts. After 1965, the new system is expected to save nearly $100,000 annually in aircraft servicing costs at Otis.

Base cost reduction program officials said that members of the section formerly responsible for sanitizing restroom facilities on all aircraft at Otis have been absorbed into other positions throughout the command. In a few cases, personnel were released for transfer to other bases where their skills were needed.

Formerly the unit was operated completely by military personnel on an annual budget of more than $121,300 in wages, supplies, and equipment. Under the new arrangement, a $22,000 contract was awarded to a civilian janitorial service that already had another contract for other similar services on base. The move completely eliminated any need for military personnel to perform terminal services on base and transient aircraft.

The project was conceived by 2d Lt. James A. Coffey, Motor Pool Officer, and was hurried to completion by local budget, procurement and cost reduction officials.

GALVANOMETER REPAIR LESS EXPENSIVE

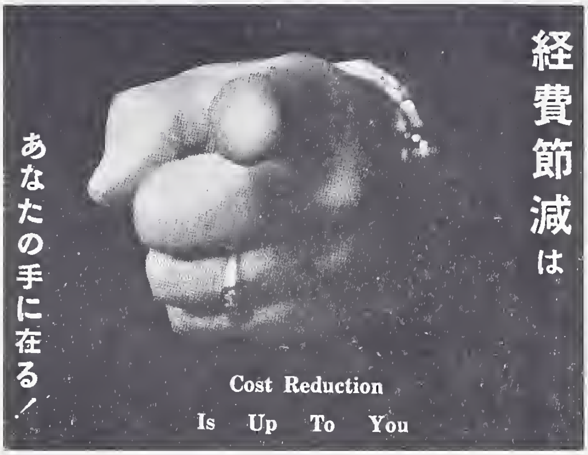
The flight test division of the U.S. Naval Air Test Center, Patuxent, Md., found that 78 percent of the defective galvanometers for oscillographs being repaired under contract at an average cost of $78 per unit could be repaired inhouse for $5 per unit.

Generally, the repairs consisted of a minor tension adjustment performed by a flight test technician of the activity.

During fiscal year 1964, a total of 300 units were repaired by the activity in lieu of the previous method of repair via contract. This reduced Navy costs by $21,900 in fiscal year 1964 and by $16,000 in fiscal year 1965.

國内の購入

Col. William G. Kussmaul, Deputy G–4 of U.S. Army, Japan, and George R. Goodrich of the Depot Management Operations Office examine a display during the USARJ Cost Reduction Week.


経費節減は
あなたの手に在る！
Cost Reduction
Is Up To You

Read up and down or sideways, the message is the same.

"ANCHOR", the Japanese-language newsletter at the U.S. Naval Ship Repair Facility, Yokosuka, Japan, makes cost reduction page-one material.

IT PAYS TO ADVERTISE

Capt. John F. Devine, the Cost Reduction Program Officer of the 1989th Communications Squadron, Torrejon Air Base, Spain, proved that advertising pays dividends.

Captain Devine initiated a cost reduction advertising-education program designed to reach each man of the unit. Innovations were cost reduction contests with 3-day passes as prizes, a large organizational billboard-size information center where the latest cost reduction news is posted, and a suggestion box for "money saving ideas".

Captain Devine expects this advertising campaign to produce tangible savings in excess of $40,000 this year.

"A DOLLAR'S VALUE FOR EVERY DOLLAR SPENT"

President Johnson.

(ACHIEVEMENTS, cont. from p. 1)

industry in response to President Lyndon B. Johnson's request of December 2, 1963, for "an affirmative program of cost reduction in the performance of defense contracts." Guidelines for the program were issued May 15, 1963. The guidelines apply to contractors having an annual volume of defense sales in excess of $5 million, exclusive of firm, fixed-price contracts. Certain other contractors specifically designated by the Department of Defense also are included in the program.

A contractor's performance in reducing costs under this program is evaluated by the Department of Defense. The evaluation is used by the Department when making source selections and when determining profit and fee rates on negotiated contracts where cost analyses are obtained.

The exhibits and briefings were attended by thousands of company executives.

TRIP TIME NO LOSS TO PLANNERS

Defense advisors seeking ways to boost local economies faced with impending Federal payroll cuts waste no planning time while traveling to affected communities. Above, Donald Bradford, Defense Economic Adjustment Advisor, conducts an airborne planning session with McCarthy Nowlin of his staff while enroute to 1 of the 60 locales in 32 States visited by members of his office since May 3, 1961. Mr. Bradford has logged 160,000 miles in the past 18 months.

PERSONNEL TEAM HIKES REEMPLOYMENT

Quick job-replacement for Defense employees RIF'd by base closings is the forte of this hard-driving personnel team whose interdepartmental employment exchange is producing top results. Left to right are D. W. Davis and W. J. Abernethy, DSA; Lloyd Grable, Navy; Joe Brown and C. F. Mullaly, Army; Walter Ingerski, DSA; Walter Meyer, Army; and W. C. Valdes, OSD. Absent from picture are Carl Sieg and Timothy Crotty, Air Force.

(Photo at right)

PRESIDENT PRAISES CONTRACTOR COST REDUCTIONS

Some 128 representative examples of money-saving ideas developed by industry in the Defense contractor cost reduction program were shown on the Pentagon concourse from May 3d through 14th.

The 128 illustrations were selected from more than 700 money-saving ideas displayed at the advanced planning briefings for industry recently conducted in Los Angeles, New York, Chicago, Dallas, and Washington, D.C.

President Johnson wrote letters to the contractors complimenting them on their cost-reduction ideas and reported that 78 of the Nation's largest Defense contractors, with a total of 205 major plants or divisions, have joined in the Defense contractor cost reduction program.

"The speed and effectiveness with which our Nation's defense industry has responded to this challenge is not surprising, but it is gratifying," said the President.

He further stated "The contractors engaged in this important effort have pledged a dollar's value for every dollar spent, and this value is being reflected in lower costs to the American people for their national defense."

The Defense contractor cost reduction program is in addition to and separate from the Defense Department's own inhouse cost reduction program, which has as its goal reductions of $4.8 billion by fiscal year 1968.

NAVY TEAMWORK PRODUCES HUGE PACKAGING SAVING

Constructive thought, planning, and the ability to research records saved $450,000 for the Naval Propellant Plant in the packaging of the liquid monopropellant Otto fuel. Chemical engineer Paul Mosher of the pilot plant spearheaded the project with the able cooperation of Al Fernandes, the Bureau of Weapons Transportation Safety Officer.

In 1961, Mosher was working on the pilot plant production of Otto fuel. The primary characteristic of the liquid propellant is stability, which is maintained under varying and changing conditions as to shock and temperature fluctuation. However, under the Interstate Commerce Commission regulations, nitroglycerin and similar material must be shipped under "class A explosive" requirements. This involved the use of an oak chest container having separate compartments much like an egg crate. The individual containers are set in a rubber boot and then into the compartments. The cost per unit for this type of shipping container is $1,200.

Mosher realized that the stable and insensitive characteristics of Otto fuel might make it possible to change the classification of the propellant to "class B explosive" in which a far less expensive ($68.70) shipping container could be used.

Mosher knew of the container's capability because Mel Schoner (formerly of the pilot plant staff) was using it to ship small 5-gallon desensitized nitrate ester for research and development purposes. The 5-gallon containers had been set inside 15-gallon sawdust-packed drums in order to meet regulations.

Once permission was obtained to use this container the Naval Propellant Plant staff went to Al Fernandes, who handles such shipping problems for the Bureau of Naval Weapons and asked him to check with the Interstate Commerce Commission on Naval Propellant Plant's behalf. A research of records by both the Bureau and Navy Propellant Plant was necessary first to establish precedence and methods of changing the explosive classification of the propellant. The request was also backed up by extensive tests carried out only by Navy Propellant Plant's physical chemists John Murrin and Dr. T. Austin but by impartial "third parties," namely the Bureau of Mines and the Bureau of explosives. The fire and explosive hazards and ability of Otto fuel to withstand detonation in case of accident were thoroughly checked out. All tests showed the propellant to be insensitive.

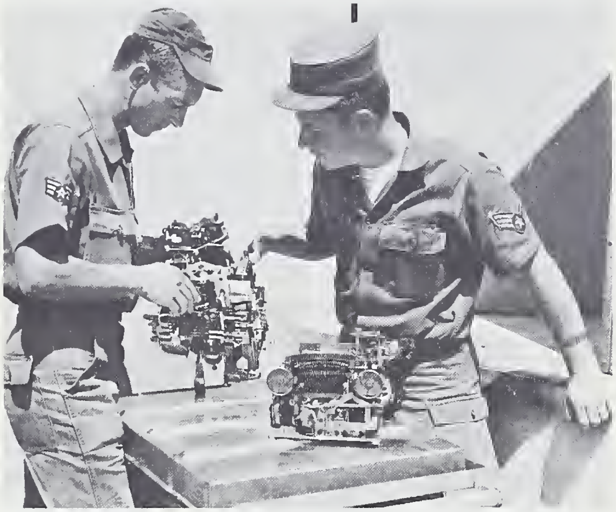
This information gave Al Fernandes the incentive he needed to see a further downgrading of the material to that of a flammable liquid and then to an inert (nonregulated) classification. The downgrading would allow it to be shipped by all modes of transportation without restriction. Under this category, even greater cost savings could be realized.

Fernandes was then able to convince the Bureau of Explosives and the ICC that Otto fuel could be shipped as inert (nonregulated) material in an even less expensive unit ($28). In addition, more propellant (500 pounds versus 350 pounds) could be shipped in this container with less labor costs.

As a result, the Navy Area Audit Office approved the impressive packaging cost savings of $450,515.51 for the Naval Propellant Plant.

Paul Mosher states that success would not have been possible if Mel Schoner, John Murrin, and Dr. Austin had not paved the way with their basic work, if Dr. Otto Reitlinger, who developed Otto fuel, had not lent his support and counsel, if Al Fernandes and his staff at the Bureau had not been so thoroughly cooperative and knowledgeable of procedures, if chemical engineer L. Danzier of the pilot plant had not been such a strong steady "right hand" and if W. F. Krauel and Mrs. M. J. Jenkins of the supply department's shipping department had not been so helpful with the myriad details involved with shipping permits.

MAINTENANCE REVERTS TO TYPE



CIGLEY AB, *Turkey*, A1c William Peterson (right) and A1c Raymond Fortney examine the carriage of one of the teletypewriter machines they repaired. Customary handling would have been to pack and ship the apparatus to a distant repair facility. The airmen joined skills and did the welding and brazing job themselves.

Typewriter repair costs at the 57th Fighter Group, Air Defense Command, Paine Field, Wash., dropped from $1,050 (1st quarter fiscal year 1964) to $385 (1st quarter fiscal year 1965) when repairs on an "as required" basis replaced a fixed schedule of maintenance.

REPAIR COSTS CUT FOR HELICOPTER TRANSMISSIONS

Leaky input seals for HH–43B helicopter transmissions are now replaced in the field, thus eliminating costly shipment of the transmission to the factory for repair.

Maj. John M. Cieply of the Helicopter Section, Director of Material, Headquarters Air Rescue Service, Orlando, Fla., devised a field replacement technique which cut not only shipping costs but also spared valuable manhours previously applied to removing the transmission from the helicopter and crating it. An added dividend is the reduced time the aircraft is out of commission.

The procedure, considering the cost of seal replacement and overhaul only, saved Air Force $36,000 in fiscal year 1964 and additional savings will accrue throughout the life of the HH–43B helicopter.

NEW ATTRACTION AT TINKER

The T–420B tachometer, a device used to measure wind velocity in the AN/GMQ–11 wind system, now has a longer life, thanks to CMSgt. Harold L. Dean, Det. 39, 8th Weather Group, Tinker AFB, Calif.

Sgt. Dean found that the $45 tachometer's limited life was attributable to the weakening of a single small permanent magnet in the housing.

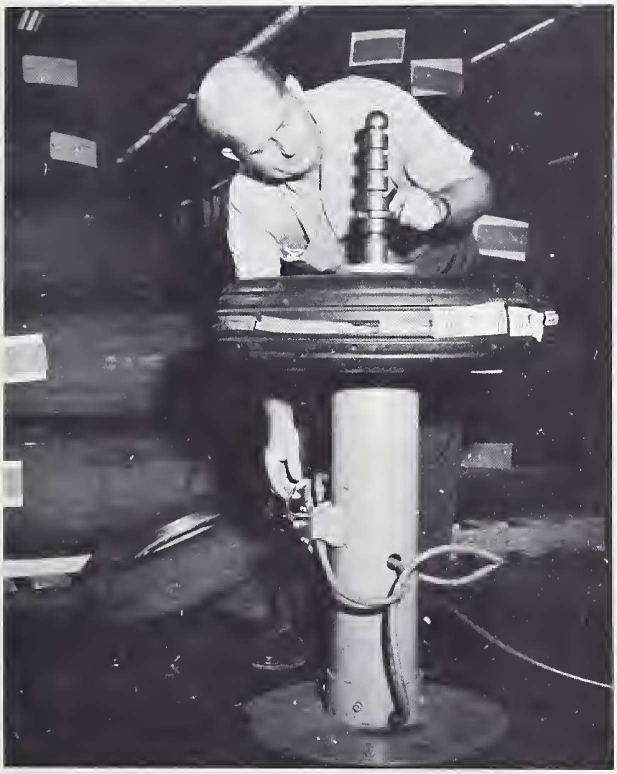
Tinker Precision Measurement Laboratory unearthed an electro-magnet to revitalize the worn-out tachometer magnets, restoring 244 units worth $10,980 at a repair cost of $2,315.

For his ingenuity, Sgt. Dean received a Certificate of Achievement from Gen. Estes, MATS Commander, and a letter of commendation from Gen. R. W. Nelson, Jr., Commander of the Air Weather Service.

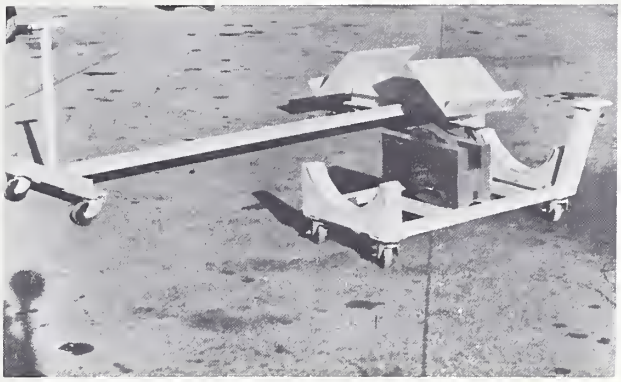
JIFFY TIRE ASSEMBLY

An air-operated hydraulic stand now uniformly compresses a tubeless aircraft tire and an O-ring between two wheel halves, readying the entire assembly for fastening by 18 wheel bolts and nuts in one-third the man-hours previously required.

The old method consumed 600 man-hours a year in the tire-and-wheel shop of the 6515th Maintenance Squadron, Air Flight Test Center, Edwards AFB, Calif. The biggest problem had been to draw the parts together evenly and in alinement for the 18 bolts. In the photo, Rolland Olsen, a civilian employee of the tire-and-wheel shop, demonstrates the contrivance he put together to reduce assembly man-hours to 200 annually.



DOLLIES EASE TARGET HANDLING



Dollies, locally made from scrap material at Air Defense Command Bases, lopped 50 percent from the man-hours formerly needed to fit together and move aircraft targets and tow reel assemblies. Two men instead of five can now assemble, move, and position the target in the aircraft. Shifting a tow reel assembly (weight, 350–400 pounds) now takes 15 minutes instead of 4 man-hours.

The dollies, conceived by SSgt. John C. Milton of the 319th Fighter Interceptor Squadron at Homestead AFB, Fla., are being used by all squadrons in the Air Defense Command. Savings by the 319th alone are estimated at $25,000 annually.

In the photo above, the long dolly is the storage and transportation stand where the target remains in flight attitude until ready for positioning in aircraft. The short dolly carries the tow reel (not shown). The apparatus in the center of the short dolly helps position the reel in the aircraft.

NAVAL SUPPLY CENTER LONG BEACH "SERVMART"

The SERVMART at Long Beach opened in July 1961, with a full-fledged ribbon-cutting ceremony complete with music by a Navy band. The goal was to issue 100,000 line items with a sales value of $1 million during the first year of operation. Line items actually issued totaled 179,200 and sales were $1,049,902.

As experience was gained through operation of the store, procedures were streamlined, stock was purified, and additional high-demand items were added to the inventory. Customers discovered the speed and efficiency with which they could fill their materiel requirements and patronage increased by leaps and bounds. Below is a table of *daily* averages to show the rate of expansion:

	Number of customers	Line items issued	Sales value	Line item receipts
Fiscal year 1962	60	717	$4, 196	64
Fiscal year 1963	74	1, 136	6, 079	56
Fiscal year 1964	90	1, 591	7, 277	73

The stock range at the CERVMART has been established at 3,800 line items with an inventory value of $478,000. Usage data is accumulated to assure that only fast-moving items will be carried. Stock levels are determined by review of usage data, dollar value, and space occupied. Emphasis is placed on minimizing replenishment drawn from Main Supply to produce a low-issue cost. During fiscal year 1964, the cost to issue a line item from SERVMART was $0.44 as compared with the $5.19 cost to issue a line item from Main Supply. These comparative costs are determined by applying appropriate receiving, storage, issuing, and overhead costs to both operations.) Savings in the amount of $367,000 were realized as a result of the SERVMART operation during fiscal year 1964.

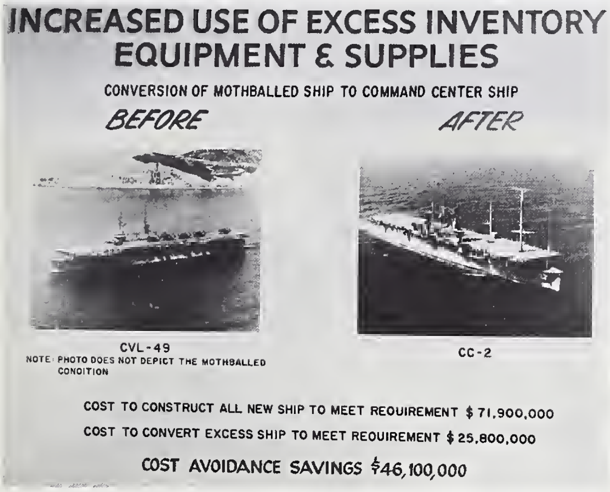
One big advantage to the Supply Center itself is that issues made from the SERVMART "take the pressure off" Main Supply.

It has been estimated that the Long Beach SERVMART reduces paperwork by at least 40,000 documents per month.

SACKS SACKED

DSA reports that one six-ply sack for shipping cement overseas has replaced two five-ply sacks, for savings to date of $47,936. The Federal specification for shipping cement overseas requires a five-ply sack to be placed inside a slightly heavier five-ply sack, with the ends of the outer sack sewn and dipped in wax.

Learning that the U.S. Army Engineers had satisfactorily used a single six-ply sack without dipped ends instead of the two sacks, DSA's Construction Center in Columbus, Ohio, adopted the idea, which gained ready acceptance by military customers overseas.



INCREASED USE OF EXCESS INVENTORY EQUIPMENT & SUPPLIES

CONVERSION OF MOTHBALLED SHIP TO COMMAND CENTER SHIP

BEFORE

AFTER

CVL-49

NOTE: PHOTO DOES NOT DEPICT THE MOTHBALLED CONDITION

CC-2

COST TO CONSTRUCT ALL NEW SHIP TO MEET REQUIREMENT $ 71,900,000

COST TO CONVERT EXCESS SHIP TO MEET REQUIREMENT $ 25,800,000

COST AVOIDANCE SAVINGS $46,100,000

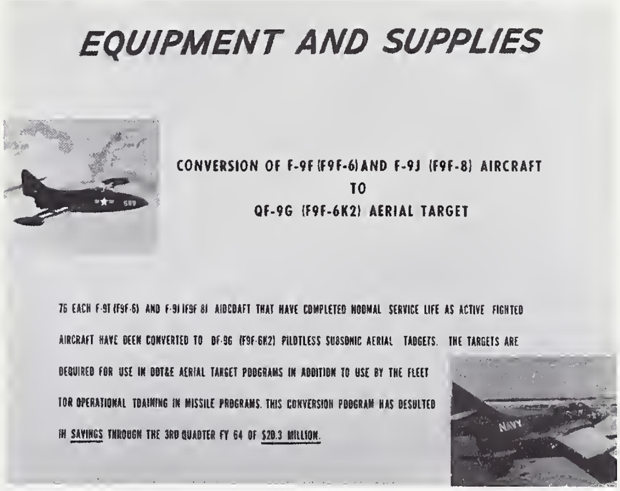
CONVERSION OF MOTHBALLED CARRIER

A decision was made to meet the Navy 5-year force structure requirement for a new command center ship by the conversion of a mothballed light aircraft carrier instead of new construction of the command center ship. The carrier (CVL 49/AVT 7) was selected because it had seen very little active service. The conversion consisted principally of removing plane handling and maintenance facilities and adding communication and electronic control equipment. This resulted in a net cost avoidance saving in the amount of $46 million for fiscal year 1964.

EQUIPMENT AND SUPPLIES QF–9G AERIAL TARGETS

A Navy decision to convert 76 F–9F and F–9J aircraft to pilotless subsonic aerial targets (instead of stripping them down for spare parts) avoided procurement of $20.3 million in fiscal year 1964.

These pilotless subsonic aerial targets were needed for research and development in the aerial target program and for operational training in missile programs.



EQUIPMENT AND SUPPLIES

CONVERSION OF F-9F (F9F-6) AND F-9J (F9F-8) AIRCRAFT TO QF-9G (F9F-6K2) AERIAL TARGET

76 EACH F-9F (F9F-6) AND F-9J (F9F-8) AIRCRAFT THAT HAVE COMPLETED NORMAL SERVICE LIFE AS ACTIVE FIGHTER AIRCRAFT HAVE BEEN CONVERTED TO QF-9G (F9F-6K2) PILOTLESS SUBSONIC AERIAL TARGETS. THE TARGETS ARE REQUIRED FOR USE IN RDT&E AERIAL TARGET PROGRAMS IN ADDITION TO USE BY THE FLEET FOR OPERATIONAL TRAINING IN MISSILE PROGRAMS. THIS CONVERSION PROGRAM HAS RESULTED IN SAVINGS THROUGH THE 3RD QUARTER FY 64 OF $20.3 MILLION.

MULTIYEAR BUY CUTS ADMINISTRATIVE COSTS

Consolidating 2 or more years' needs into one contract (multiyear procurement) attracts keener and broader competition, knocks out recurring startup costs, makes standardization easier, and encourages industry investment in tooling and facilities.

This multiyear technique also eliminates the administrative costs of repeated purchases. For example, if the Army had awarded single-year contracts for its fiscal year 1963 requirements for 5-ton trucks and LDS–465 multifuel engines, invitations for bid would have had to be issued again for the fiscal year 1964 requirement. The second issuance would have involved 8 sets of vehicle drawings at $5,000 per set and 15 sets of engine drawings at $1,500 per set—a total of $62,500.

THUMBSCREWS

Thumbscrews, used to secure the bracket holding the electronic protractor in many kinds of aircraft, slipped a price stranglehold of $4.50 each when Paul Hafele, left, and Dick Whealin of DSA's Defense Industrial Supply Center found a drawing that permitted several small machine shops to compete. Low bid was $0.91—a $3,231 improvement on a quantity of 900.

CAST IRON RINGS GO COMPETITIVE

Randolph Merando, right, a purchasing agent at the Defense Industrial Supply Center (DISC) in Philadelphia, Pa., thought that $5.23 excessive for a cast iron ring about one-half inch in diameter, bought from a sole-source supplier.

Merando, with the help of George Lata, left, an equipment specialist at DISC, uncovered a Navy drawing for a cast iron ring similar to the sole-source item.

The drawing enabled competitive bidding resulting in a unit bid of 70 cents for each ring. The savings on one procurement action totaled $6,342.

AF SERGEANT BRINGS NEW STEAM TO COST REDUCTION

Maintenance shops at Ramstein Air Base in Germany can now use steam to clean aircraft components because CMSgt. M. P. Bohm at the base salvaged four steam generators from the scrap heap and modified them to do the cleaning job. New steam cleaners would have cost $833 each.

ITEM ELIMINATION CUTS OVERHEAD

In fiscal year 1964, the Department of Defense screened out of its inventory 176,000 more obsolete or duplicative items than it had the capability to screen out in fiscal year 1961—for a savings of $18 million in the overhead costs associated with recordkeeping and warehousing.

Typical of the kinds of actions that produced these results is the review of electrical and physical characteristics made by the Defense Electronics Supply Center in Dayton, Ohio, a field activity of the Defense Supply Agency.

DESC determined that 39,489 items in the DoD inventory were duplicates of other items, or could be replaced by items having equal or better physical and electrical characteristics.

These decisions were coordinated with and concurred in by users in the military services. The items involved have been designated for elimination from the supply system.

DESC made 16,054 item elimination decisions for capacitors (FSC 5910); 6,599 for resistors (FSC 5905); 5,652 for connectors (FSC 5935); 2,387 for switches (FCS 5930); 2,114 for electron tubes (FSC 5960); 1,355 for semiconductors (FSC 5960); 1,075 for fuses (FSC 5920); and 4,303 in other categories.

CLOSER TIES TO OPERATIONS BRING MAINTENANCE SAVINGS

By consolidating the Machine Maintenance Branch with the Public Works Department, the Naval Ordnance Plant at Forest Park, Ill., decreased downtime, idle time and unscheduled maintenance on precision machine tools, saving $60,000 in fiscal year 1965.

KEESLER SELLS SCRAP, AVOIDS DEMOLITION COSTS

Steps leading to a pile of rubble and scattered air ducts leading nowhere symbolize cost reduction at Keesler Technical Training Center.

The rubble and ducts depict a phase in Keesler's continuing facilities disposal program which saved $54,773 during fiscal year 1964. Approximately 85 old, expensive-to-maintain facilities were sold to wrecking companies in FY 1964. These sales returned dollars to the Government and avoided the cost of in-house manhours which otherwise would have been required for demolition and disposal.

The effectiveness of Keesler's disposal program results from a continuing review by the Civil Engineer and Center Facilities Programming Branch of the present and future facilities requirements of the Center.

O-RING GOES COMPETITIVE

Al Ciambotti (left) and Bill Armstrong at DSA's Industrial Supply Center in Philadelphia ferretted out seven additional sources for an aircraft O-ring, previously quoted sole source at $3.96 and now low bid at $.53—saving $6,242 on the first competitive buy of 1,820 units.

STATEMENT BY THE PRESIDENT TO THE CABINET ON COST REDUCTION

President Lyndon B. Johnson made the following statements in his address to the Cabinet on March 25, 1965.

(Partial Text)

"In November 1963—and on many occasions since—I have asked the heads of each Department and Agency to report to me on cost reduction actions taken and planned during the following year.

"The results of your efforts have been most impressive.

"Identifiable savings have been achieved in excess of $3.3 billion—including $2.8 billion saved by the Department of Defense in the last fiscal year and more than one-half billion dollars ($529 million) from the civilian agencies during calendar year 1964.

"I am gratified by the record thus far this fiscal year.

"—Federal civilian employment in the executive branch was 2,447,897 at the end of February, the lowest level since April 1962.

"—Federal spending for the first 8 months of this fiscal year has shown the largest drop in a decade for the comparable period. Spending is $1.9 billion less than for the same eight months last year. We have not had such a decline since 1955 when operations were being reduced following the Korean conflict.

"I am particularly pleased by the response and performance of many of the civilian agencies. The NASA program continues to be outstanding, accounting for over $73 million or about 67 percent of the total for nondefense agencies. The Post Office and Agriculture reported about 9 percent each, with the remaining 15 percent divided among 25 Departments and Agencies.

"Others with significant savings which I would like to commend were Atomic Energy, AID, HEW, Treasury, Commerce, Interior, Justice, and TVA.

(Cont., PRESIDENT, p. 17)

(PRESIDENT, cont. from p. 16)

"Two small agencies appear to have significant achievements—the NLRB and the Federal Home Loan Bank Board.

"On many occasions, I have urged you to study and adapt to your operations the effective techniques which have been used so successfully by Secretary McNamara in the Department of Defense. I am asking him this afternoon to review some aspects of the program with you.

"But I want first to advise you of one action.

"Last year the Task Force on Cost Reduction recommended that a formal cost reduction program be established in every agency and the Bureau of the Budget issue guidelines which would produce a common focus for these cost reduction efforts. I have accepted these recommendations and Budget will shortly issue the circular before you to implement the program.

"The Budget circular, in brief, directs the heads of each Department and Agency to—

"—assume direct supervision of a formal cost reduction program;

"—establish specific dollar cost reduction goals;

"—initiate a systematic and periodic review of programs and operations from the standpoint of relative priorities;

"—identify roadblocks to cost reduction which may require legislative action or cooperation from other agencies;

"—subject every major proposed expenditure to searching scrutiny in terms of cost and benefits;

"—employ independent means to verify reported savings;

"—recommend high-priority uses of savings achieved; and

"—make periodic progress reports to me.

"I have instructed the Director of the Budget to review carefully the intended uses of all savings achieved and, where thoroughly justified, to permit you to use them for purposes you recommend. By reducing the cost of current activities wherever possible we will be able to carry out other high priority programs.

"I will be reviewing carefully each of the reports you submit under this program. The savings you achieve during 1964 may have been the easy ones. Additional savings may require greater effort. We have done a good job. But I know we can do more. . . ."

CLEVIS COSTS CLEAVED

The clevis block, a steel fitting for attaching cables or wires to structures, (see photo) cost $19.65 until competition cut its cost to $2.37.

This conversion from sole-source to competition resulted from the joint efforts of Irwin Kauffman, right, and William Crossley, employees of the Defense Industrial Supply Center, Philadelphia.

Savings on the first competitive procurement totaled $33,868.

CUT NET NETS SAVINGS

Buying nylon netting cloth in 35-inch instead of 38-inch width enabled the Defense Clothing and Textile Supply Center, Philadelphia to save over $200,000 recently.

Center value engineering experts reviewed nylon cloth, used to make insect bars or netting. Their study showed that the cloth was being bought in 38-inch-wide rolls, whereas the pattern for the insect bar was more suitable for 35-inch-wide cloth. In the manufacturing process the extra 3 inches were being discarded.

As a result of the study, the Center began buying 35-inch netting. In procurements since June 1964, the center has saved $200,814.

TRITIUM MONITORING

Two Bureau of Ships engineers, Mr. Vitto Impellitteri and Mr. Hail Wilson developed improvements in the design and operation of tritium monitoring equipments. These equipments are safety devices used on nuclear submarines and certain types of surface ships to determine the presence of poisonous material in the air.

The two engineers produced a simpler method of monitoring, reduced the amount of equipment needed and improved its accuracy. Lower procurement and installation costs resulted in a fiscal year 1964 savings of $1,359,000.

The photo below shows Rear Adm. W. A. Brockett, Chief of the Bureau of Ships, presenting Presidential Citations to Mr. Impellitteri (left) and Mr. Wilson.

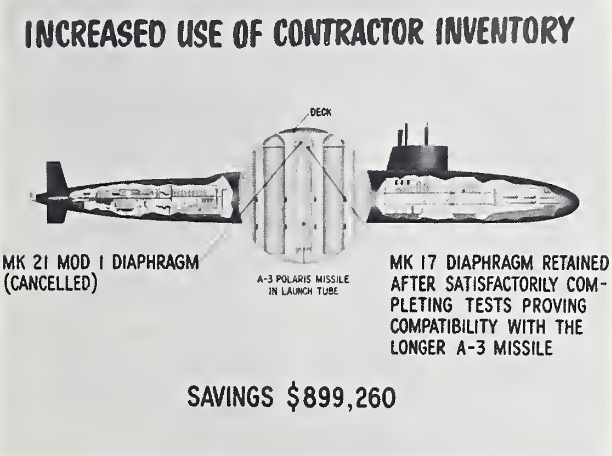
"GOLDPLATING" GETS BOOT AT EDGEWOOD ARSENAL

A standard commercial compound and fabric has been substituted for the special compound and knitted fabric previously specified for manufacture of impermeable protective boots.

The specification change not only cut manufacturing cost but also increased competition potential by making it possible for more suppliers to bid on the simplified spec.

POLARIS SUBMARINES USE EXCESS CONTRACTOR INVENTORY

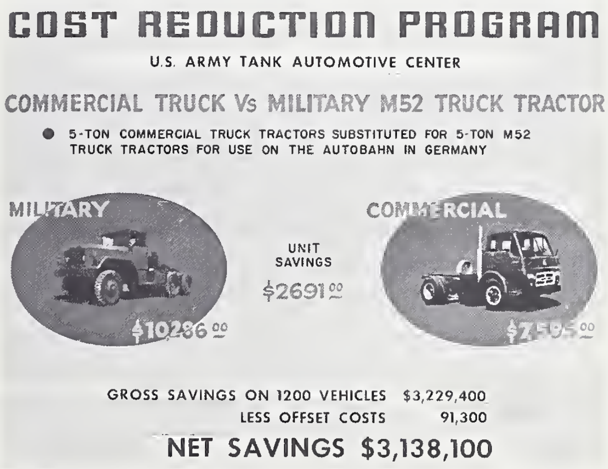
The MK 21 Mod 1 missile launcher was placed under development as an improved system to be compatible with the newest Polaris missile, the A–3. This system was designed with a larger diameter diaphragm to afford greater missile nose clearance with the A–3 missile. The diaphragm is a circular multi-fly sheet of polyester plastic laminations .070 inch thick covering the top of the launcher tube and protecting the missile from the outside environment when the muzzle hatch is open. Concurrent with the MK 21 diaphragm development, a test program was initiated to investigate the possibility of continuing the use of the MK 17 diaphragm with the A–3 missile even though only small clearance was available. Test results demonstrated that minor, ordinary changes would make it feasible to use the MK 17 diaphragm with the MK 21 System. This made it possible to use excess contractor inventory of MK 17 diaphragms at a savings of $899,260.


INCREASED USE OF CONTRACTOR INVENTORY
DECK
MK 21 MOD I DIAPHRAGM (CANCELLED)
A-3 POLARIS MISSILE IN LAUNCH TUBE
MK 17 DIAPHRAGM RETAINED AFTER SATISFACTORILY COMPLETING TESTS PROVING COMPATIBILITY WITH THE LONGER A-3 MISSILE
SAVINGS $899,260

COMMERCIAL VEHICLES IN SUPPORT ROLE

By replacing certain military types of vehicles with less expensive commercial vehicles, the Marine Corps will achieve cost reductions of $168,029 in fiscal year 1965 and $373,692 in fiscal year 1966.

The commercial vehicles replace military vehicles in post and station administrative support. Higher initial cost and more expensive maintenance of combat vehicles make the commercial vehicles far more economical for many "housekeeping" functions. (Photo above)


COST REDUCTION PROGRAM
U.S. ARMY TANK AUTOMOTIVE CENTER
COMMERCIAL TRUCK Vs MILITARY M52 TRUCK TRACTOR
MILITARY
$10286 00
UNIT SAVINGS
$2691 00
COMMERCIAL
$7595 00

- 5-TON COMMERCIAL TRUCK TRACTORS SUBSTITUTED FOR 5-TON M52 TRUCK TRACTORS FOR USE ON THE AUTOBAHN IN GERMANY

GROSS SAVINGS ON 1200 VEHICLES $3,229,400
LESS OFFSET COSTS 91,300
NET SAVINGS $3,138,100

TWO USES FOR EXCESS WEBBING

At Laon Air Base in France, excess webbing from KAK–9 aircraft arresting barriers is being used on the skirts of rotary lawnmowers to prevent them from throwing foreign objects. The idea, promoted by Sgt. Wm. G. Kull of that air base, brings no significant dollar savings but does give safety a lift.

Excess webbing used in the manufacture and maintenance of parachutes is now being used in the manufacture of carrying slings, saving the Defense Clothing and Textile Supply Center $122,479.

CANOPIES SUBJECT OF WORLDWIDE SEARCH

Retrieval and repair of lost and damaged canopies for the TF–102 (Trainer) enabled San Antonio Air Material Area to cancel a procurement request for five new ones which would have cost $198,000. The search for lost canopies instigated by William P. Boggs, an inventory manager in the AMA, produced two canopies—one from Germany, and one from Texas. A third canopy was recovered from a crashed aircraft, and the fourth and fifth canopies were reclaimed from salvage. All five canopies were restored at a cost of $30,500, saving Air Force $167,500.

LAND DISPOSAL AN "IFFY" BUSINESS

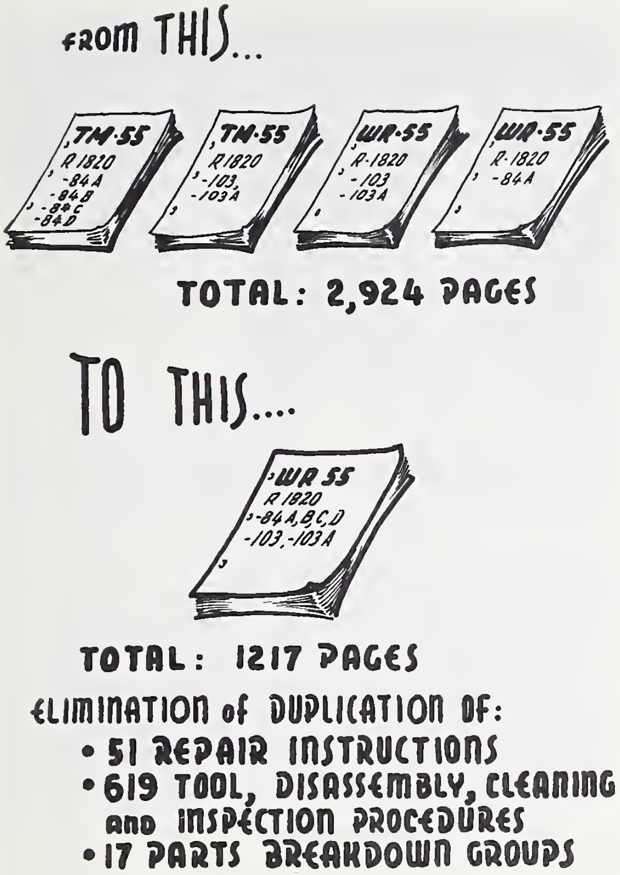
Private investors with a business eye on an excess Army missile site are advised that public property does not reach private hands easily.

Air Force, Navy, and Coast Guard get first choice. If these sister agencies cold-shoulder the property, the Army then asks the Assistant Secretary of Defense for Installations and Logistics to authorize clearing the property from Defense ledgers. An OK on this score sends Army to the House and Senate Armed Services Committees with detailed disposal report in hand. These committees may want added information.

After these disposal reports clear the committees, Army will formally report the site as "excess real property" to the appropriate General Service Administration Regional Office.

"Excess to DoD" is not necessarily "surplus to the Federal Government." Therefore, GSA polls Federal civilian agencies to see if there is any Government requirement. If none turns up, GSA declares the property "surplus".

At this point, any State, city, county, or other public body having an honest-to-goodness use for this property can obtain it "for free" by asking the Department of Interior or the Department of Health, Education, and Welfare, or, in the case of airport property, the Federall Aviation Agency. Although fair market value is set for the records, the public body gets a discount ("public benefit allowance") up to 100 percent of fair market value. Assume the property clears the congressional committees and continues unclaimed and unwanted by DoD, Federal civilian agencies, and State and local governments. The property is now available for private purposes—almost. High bid at a GSA-advertised sale gets the award—but not the deed. The deed is transferred only after satisfactory arrangements for payment are completed.


FROM THIS...
TM-55 R1820 -84A -84B -84C -84D
TM-55 R1820 -103, -103A
WR-55 R-1820 -103 -103A
WR-55 R-1820 -84A
TOTAL: 2,924 PAGES
TO THIS....
WR 55 R 1820 -84A,B,C,D -103,-103A
TOTAL: 1217 PAGES
ELIMINATION OF DUPLICATION OF:
• 51 REPAIR INSTRUCTIONS
• 619 TOOL, DISASSEMBLY, CLEANING AND INSPECTION PROCEDURES
• 17 PARTS BREAKDOWN GROUPS

MANUAL CONSOLIDATION SAVES $136,560

At the Army Aviation Materiel Command, St. Louis, Mo., one 1,217-page manual has replaced the 2,924 pages in four publications containing overhaul instructions for the R 1820 series engines used on CH–21 and CH–34 helicopters. The 1,707 pages of text and illustrations were eliminated since 51 repair instructions, 619 tools and tool procedures, disassembly, cleaning and inspection procedures, and 17 parts breakdown groups were common to both R 1820 engines. If the consolidation had not been made, the 1,707 additional pages would have been printed at a cost of $80 per page. Initial savings total $136,560.

INTERIM CHANGE PROCEDURE SCALES DOWN TECH MANUAL REVISIONS

The Naval Air Technical Services Facility, Philadelphia, Pa., initiated an interim manual change program for the Maintenance Instruction Manual of a select group of inproduction aircraft weapon systems. Automatic updating of the technical manual is eliminated. Change pages, issued every 90 days, now reflect all configuration changes, both major and minor. The interim change covers only absolutely essential and urgent information. Complete and formal revision of the manual now occurs on a nonscheduled, as-needed basis. The new program saved $40,000 in its initial application to an inproduction weapon system.

SUBSTANDARD BUILDING OUT AT KELLY AIR FORCE BASE

The San Antonio Air Materiel Area saved the Air Force more than $500,000 by disposing of old unneeded buildings at Kelly Air Force Base (Texas).

The SAAMA civil engineer has rid the base of 1.5 million square feet of substandard structures since 1961. The buildings could not be used or modified to make them usable. Some of them dated from 1917, all of them were considered fire hazards, unsafe for personnel.

Annual maintenance costs of the buildings were far above average, said Lt. Col. Joseph C. Walters, SAAMA civil engineer.

NEW SHORTENING CONTAINER SHORTENS COSTS

A lighter, lower-cost container for shipping 5-gallon cans of shortening overseas saved the Defense Subsistence Supply Center $14,115 on 26,131 cases shipped during the first quarter of fiscal year 1965. Earlier practice had been to send shortening in wooden or wire-bound boxes. Tests conducted in fiscal year 1964, established that a lighter weight and less expensive fiberboard carton produced no adverse reports.

FAN LIFE DOUBLED

Life expectancy of fans cooling military radios doubled and unit price dropped 67 percent when Evelyn St. Clair and Louis E. Beilstein of the Defense General Supply Center in Richmond, Va., worked out special changes to convert from a gear-train driver to a bearing and race-type unit. Savings: $13,247 on the immediate purchase of 55 fans.

IMPROVED SCHEDULING REDUCES NAVY ADMINISTRATIVE VEHICLE MAINTENANCE COSTS

Routine scheduling of preventive maintenance inspections, lubrication, and servicing of vehicles eliminates workload peaks and valleys, permits efficient shop staffing and minimizes vehicle downtime. One drawback is that routine scheduling invites a higher level of maintenance than is necessary if vehicles are scheduled into the shop too frequently.

Schedules must be established on the basis of time. Maintenance requirements, on the other hand, are a function of miles operated.

Formerly, it was the Navy procedure to schedule preventive maintenance inspections of all vehicles at 40 working-day intervals. This interval was based on the optimum schedule for the average vehicle. Studies indicated, however, that scheduling based on average mileage performance brought into the shop a large number of vehicles that had been operated fewer-than-average miles. Routine inspection, lubrication, and servicing of these vehicles resulted in costly overmaintenance.

A revised scheduling system was introduced Navywide early in fiscal year 1963. It was determined that inspection, lubrication, and servicing at intervals of 2,000 miles provided the optimum frequency based on service life of lubricants, safety, and mechanical deterioration. The revised system provided for scheduling each vehicle individually into one of nine maintenance intervals by using records of past mileage performance to develop the probable time interval the vehicle would develop 2,000 miles. For example, if a vehicle's operating experience indicated a monthly 2,000-mile average, it would be scheduled every month. If the vehicle's experience was 1,000 miles in a month, it would be scheduled every 2 months. At each inspection, the time-mileage rate is rechecked and if it has changed, the vehicle is rescheduled based on the new rate.

The new scheduling ssytem also provides a procedure for establishing and scheduling a uniform level of shop loading. The old scheduling system resulted in the average vehicle being inspected, lubricated, and serviced six times annually. Under the new system, this frequency is reduced to an average of four times annually or a reduction of two inspections.

TRIMMED SLEEVES TRIM COSTS

DSA's Defense Clothing and Textile Supply Center in Philadelphia with Army's "OK" trimmed 2 inches from the sleeves of certain sizes of Army khaki shirts in long supply to meet the requirement for sizes of khaki shirts in short supply. Alteration costs were $129,251. New shirts would have cost $380,293. Net savings: $251,042.

* * * * *

The Navy reclaimed $6 million worth of spare parts in the first quarter of fiscal year 1965 from its stricken aircraft reclamation and disposal program (SARDP).

CHROME-PLATING OUT FOR SETSCREWS

William Robinson (center) a buyer at Defense Industrial Supply Center, holds sample setscrews. He, along with Wilbert Stoner (left) and Norman Lipschutz (right), equipment specialists, helped institute the processes which saved $42,400 on a quantity of 123,000.

Setscrews, small screws used in jet engines, dropped from 51¢ to 15¢ each when a noncorrosive, heat-resistant steel was substituted for chrome-plated tool steel and a penetrant-inspection technique replaced a magnetic-type inspection.

(MAKE-WORK, from p. 1)

development of new weapons systems simply to support jobs in the defense industries. Nor will we continue the operation of unneeded military installations for that purpose. We are certain that the vast majority of American people support this policy."

(CRACKDOWN, from p. 5)

lem as well as the amount of confidence that could be placed in the capability of ultrasonic testing equipment to detect cracks accurately.

Five ultrasonic testers were then purchased. When the inspection is completed, an additional $1 million in savings is expected.

COMPUTER RUNS REPRODUCED AT LESS COST

Makeup and delivery of camera copy to commercial printers was speeded by shooting negatives for platework directly from computer runs. The old method used thin computer copy which required the printer to reduce transparency by inserting heavyweight backup sheets behind the lightweight computer printout. This process, pushed to results by John Lock of the Cataloging Division in the Defense Industrial Supply Center (DSA) reduced production rate per page from 1.75 hours to 1.25 hours, saving $41,764 in fiscal year 1964. In the photo below, John Lock (left) holds the deleted backup page while Audrey Perkowski shows the mechanized printout to Frank LeGower, head of the Cataloging Division.

BETTER INSULATION MELTS SHIPPING COSTS

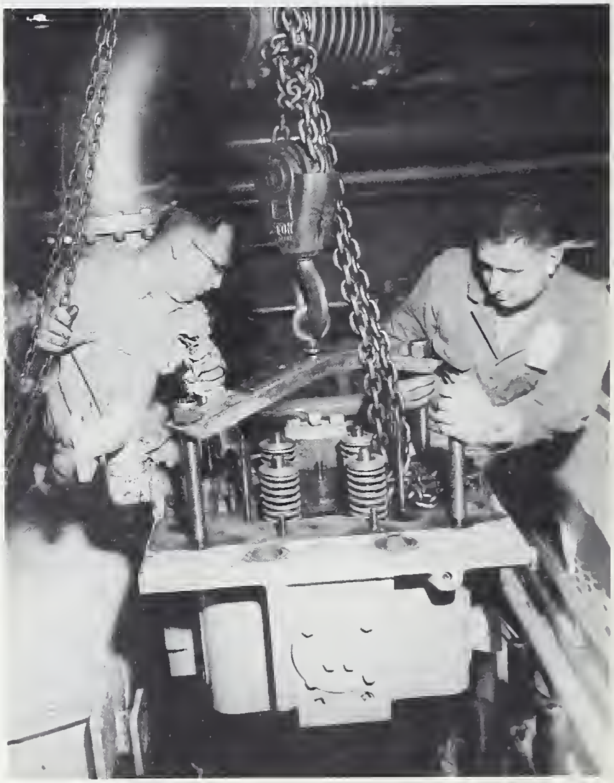
Foam-insulated fiberboard containers now keep vaccines frozen longer with less dry ice than the container previously used, knocking $8,509 from DSA's shipping costs in 3 months as a result of the weight reduction.

The new packaging concept was worked out by Harry Trimmer of the Defense Depot Mechanicsburg, Pa., and packing personnel at the Bayonne (New Jersey) and Norfolk (Virginia) Naval Supply Centers.

DO IT YOURSELF

Big jobs get done at less cost when handled by the 30th Air Division's Civil Engineering Maintenance, Inspection, Repair, and Training Team stationed at Truax Field, Wis. Recently, the CEMIRT team moved a 38,000-pound air-conditioning unit at a cost of $1,000 where the contract estimate had been $5,000.

In photo below two power production specialists, John F. Oakley (left) and Thomas J. Mainholz (right), are shown replacing a 700-pound cylinder head which is part of a 68-ton diesel engine used to supply power for the SAGE center located at Truax Field. Such major checkups on the huge engine include grinding of valves and valve seats, replacing rod bearings, and piston rings. Efficient operation of the 30th Air Division CEMIRT team resulted in $71,300 savings under the U.S. Air Force cost reduction program during fiscal year 1964.



IMPROVED DECKLOADING OF FLEET OILERS

There is a better way to store oil drums on ship decks, and that better way was found by Eugene Rioux, a blocker and bracer in the packing section of the Naval Supply Depot at Newport, R.I.

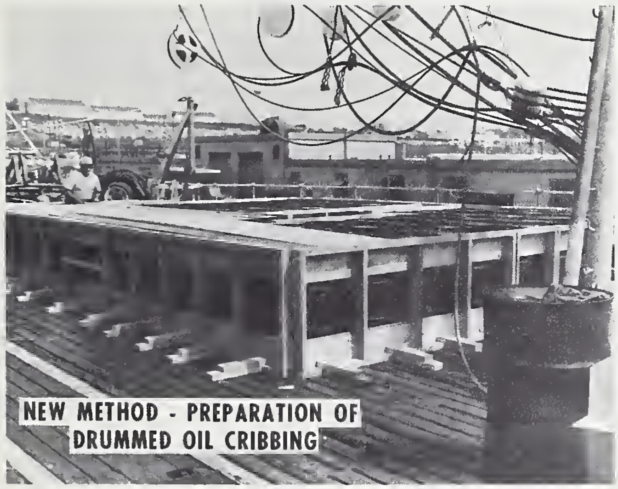
Deckloads of drummed oil products and compressed gas cylinders now are braced aboard fleet oilers in prefabricated, reusable wooden cribs instead of temporary, jury-rigged shoring that had to be scrapped at journey's end.

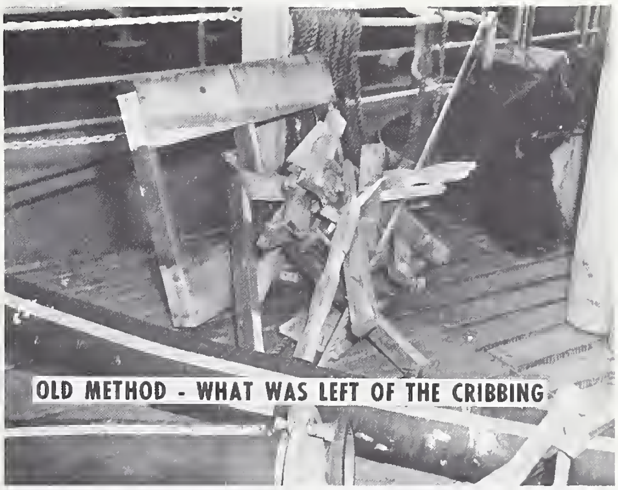
In support of various types of operation at sea, drummed oil products and compressed gas cylinders are placed aboard fleet oilers as deck cargo. For security against movement while the fleet oilers are underway these drums and cylinders are confined within enclosures, called cribs, constructed of lumber. Before this suggestion was put into practice these enclosures were fabricated on the spot and after cargo was in place. Hundreds of wooden braces were used to buttress the cribbing to prevent the load from shifting. Since the stowage area was heavily congested due to normal shipboard operations, the working space was limited. Result: A costly operation, costing $526.72 for each load. The lumber alone cost $280 and became a total loss in dismantling.

The new method calls for the cribbing to be prefabricated in the packing area. Permanent fixtures to which the cribbing is attached have been installed on all fleet oilers operating from NSD Newport. After the cribs are in place and braced, cables are used to support and secure them. All material is reusable with little, if any, repair work required for the next load. Result—each operation saves $280 on lumber costs alone.

Moreover, the system of prefabricated sections enables crewmembers to make issues with a minimum of effort. A section can be removed by loosening a turnbuckle on the cable. This section can be repositioned when the issue is completed, the cable tightened and the load thus resecured.

Savings exceeding $400 per deckload are realized from the application of this technique.


NEW METHOD - PREPARATION OF DRUMMED OIL CRIBBING


OLD METHOD - WHAT WAS LEFT OF THE CRIBBING

BETTER "MANPOWER UTILIZATION"—WITH REAL MEANING

"No gimmicks, no shortcuts, no 'magic formulas'—just hard, grubby, time-consuming work is all it takes."

This is what Capt. E. R. Pettebone, Commanding Officer of the Naval Ammunition Depot, Crane, Ind., has to say about improved use of manpower.

He states that the surest way to better manpower utilization is to eliminate nonessential work. The problem, according to Captain Pettebone, is that all employees tend to believe sincerely that *their* work is essential. Solving the problem requires vigorous inhouse action at all levels of supervision, with absolute backing by command.

The depot organized a full-time Manpower Utilization Survey Task Group, which became known as the "MUSTGROUP", to ferret out nonessential work. Emphasis was placed on eliminating functions and billets in the overhead areas and in moving personnel into higher priority areas. Thus far, the activity has implemented surveys of four of its smaller departments.

Net annual savings of $99,000 have been reported to date. After survey costs have been recovered, this figure will rise to $134,000. Surveys now underway promise greater savings.

Captain Pettebone states that there are byproducts of the manpower savings. Biggest long run benefit is expected from a reorientation of staff groups. "Policing" of safety, quality, and quantity by full-time inspectors has been deemphasized in favor of staff program support to the line, with corresponding reemphasis on line supervisory responsibilities and worker pride in craftsmanship.

MODIFICATION OF SURVIVAL KITS SAVES AIR FORCE DOLLARS

By negotiating a contract to modify rather than replace lid assemblies on B-52 global survival containers, C. W. "Dell" Ward, of the Warner Robins Air Materiel Area, saved the Air Force nearly $350,000.

The Strategic Air Command was experiencing difficulty with rigid survival equipment installed in ejection seats located in both the pilot and crew compartments of B-52G aircraft. The survival container holds a liferaft and other lifesaving equipment. When a crew member if forced to eject, the survival kit—hooked to his parachute—goes with him.

In the past few years the amount of equipment placed in the container has increased, adding stress to the container and often causing cracking and jamming of the lid assembly. The lids also cracked from violent vibrations such as those experienced during engine run-ups or ejection from the aircraft. In preparing documentation for the new lids, Mr. Ward discovered a previously rejected proposal for strengthening the existing lid. Further investigation revealed that this proposal could be modified and made acceptable. As a result, the original equipment contractor was awarded a contract to strengthen the existing lids at certain critical stress points by riveting reinforcing strips and adding side-latchings. Modification cost was approximately 8 percent of the cost of replacing lid assemblies.

DEFENSE TEAM BRIEFS CONTRACTORS

A 10-man Defense team of cost reduction and contract-management personnel visited four cities in as many days to brief hundreds of executives of major Defense contractors. These briefings, held in St. Louis, Detroit, New York, and Boston in late February, served to clarify the reporting and review procedures of the contractor cost reduction program and emphasize the need to improve management techniques and procedures.

"Contractors are taking a keen interest in improving the quality of their cost-reduction programs," commented Col. Jack H. Alston, Cost Reduction Coordinator in the Office of the Secretary of Defense, "and we can expect the results of that interest to be reflected in lower costs to the Government and higher profits for the contractors." Above photo shows Colonel Alston (center) chatting with Maj. Gen. J. W. O'Neill (left), Commander of the Air Force Electronics Systems Division, and Col. H. J. Larson, Commander of the Boston Contract Management District.

PICATINNY ENGINEERS SUPER-CHARGED

Chemical engineers at Picatinny Arsenal (New Jersey), developed a super-propelling charge that can be used on standard projectiles to extend the range of shells for the self-propelled howitzer. The breakthrough enabled Army to use on-hand stocks instead of procuring new, more costly projectiles. Savings to the Army totaled $6,003,900.

In photo at right is Harry Hassman who led the five-man engineering team that developed the charge. Other team members were Robert Garufi, Privates Rosenberger, Wayne Taylor, and Edward Wurzel.

AIRCRAFT ENGINE LIFE INCREASED

Converting Douglas C–124 Globemaster engines from model 4360–20W to 4360–63A gave the engines a 400-hour longer life by cutting the number of cylinder overhauls required. Maintenance savings total $66,700.

1st Lt. Robert S. Mason, now with the 1502d Air Transport Wing at Hickam AFB, Hawaii, received a Certificate of Achievement for the study that led to the savings.

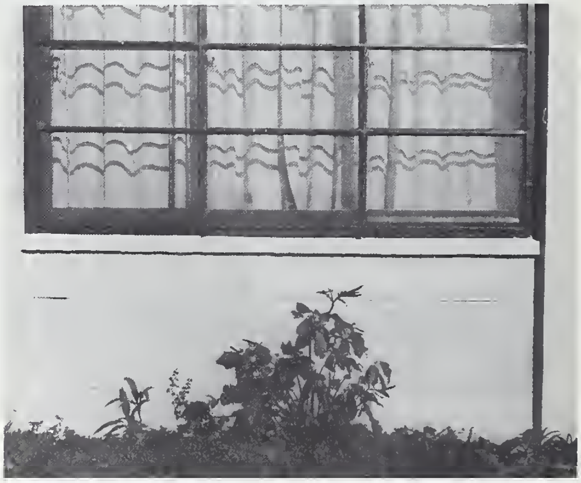
ENGINEERING APPLICATION OF DIGITAL COMPUTERS

Philadelphia Naval Shipyard is programing practical, recurring engineering problems of a time-consuming nature on computers. Particularly successful as a cost saver was a series of programed propeller designs—which resulted in a net savings to the Navy of $167,400 in fiscal year 1964.

Computer programing of the calculations for shaft bearing reactions and tank capacity saved Philadelphia Shipyard a total of $76,400 last year.

CONCRETE SAVINGS IN STEEL SUBSTITUTE

BEFORE



AFTER

Army Engineers on Okinawa saved $128,000 by substituting concrete blocks for steel ventilating louvers in Government housing quarters.

The steel vents were placed under window units when the quarters were built in 1954–55. However, the benefit of this ventilation was marginal and the cost of its upkeep was expensive in the rust-inducing semi-tropical climate of Okinawa. In addition, the need for this ventilation had been reduced by the widespread use of occupant-owned air conditioners.

Faced with the job of replacing steel louvers rusted through after 10 years use, the U.S. Army, Ryukyu Islands Post Engineer reexamined their value. Air flow computations and interviews with occupants adduced that the additional ventilation provided by the louvers was not required.

As a result, a simple concrete block panel with a precast concrete window sill and a slightly modified window track was designed to replace the steel louvers. The sliding steel sashes were still in good condition and were reused in the new design.

THREE BIRDS WITH ONE STONE

Two employees of the Defense Industrial Supply Center in Philadelphia boosted three defense objectives in one procurement action. They converted a previous sole-source item to competition, attracted small business into the procurement, and obtained a reduced delivery time.

Sleeve spacers, part of the synchrozeroing tester assembly used in many long-range aircraft, had a sole-source price of $3.90 and a 204-day procurement lead time. That was before John Glenn (on left in photo) and William Chrisman (on right)—the former a procurement officer and the latter an industrial specialist at the center—put their heads together. Result: A complete item description and sample, negotiations with several small businesses and a product costing only 19.5¢ each delivered within 45 days for a total savings of $7,706.40.

MARINES PUT ROCK CRUSHER TO USE

A Marine Corps requirement for a rock crusher was met by obtaining one from Army excess through the Defense Industrial Plant Equipment Center—at no cost except packing and transportation. Net fiscal year 1964 cost reduction: $44,547.

SONAR TRANSDUCERS RECEIVE SOUND GOING OVER

Boston, Mare Island, and Pearl Harbor Naval Shipyards have each developed similar, highly successful repair procedures for damaged sonar transducers which will save $1 million in fiscal year 1965.

A sonar transducer is a device that converts electrical energy into sound energy, and vice versa. Resonator elements in the transducer transmit sound to the water.

Formerly, damaged resonators were replaced with new ones. Today, as a result of the shipyards' new procedures, resonators are repaired, saving $32,000 per repaired transducer.

The Mare Island technique permits repair without disassembly of the transducer by replacing rubber faces of resonator units with a heavy neoprene rubberband stretched and cemented around each of the separate resonator rings.

SAVINGS IN PAINTING OF DECKS, TANKS, AND BILGES

The use of expoxy (synthetic resin formulations) and inorganic zinc coating for painting and protection of decks, tanks, and bilge areas of both surface ships and submarines in lieu of more expensive coatings previously used (such as vinyl coatings and hot-dip galvanizing) helped cut Navy costs $900,000. The epoxy coatings have proven serviceable and require less maintenance than some others previously used.

> "Apart from its very substantial impact on economic operation of defense, the cost reduction program focuses management attention in areas where it is most needed and provides a ready chart to logistical effectiveness."—Paul R. Ignatius, Assistant Secretary of Defense, Installations and Logistics.

PRICES BURNED IN STOVE PROCUREMENT

Edgar J. Beamon, contracting officer at the Defense General Supply Center in Richmond, Va., initiated a value engineering project which updated the specifications for the two-burner field gasoline stove through minor changes in burners, valves, and testing procedures. The revised specification dropped the price from $53.05 per stove to $17.73 for savings of $41,130 in fiscal year 1964.

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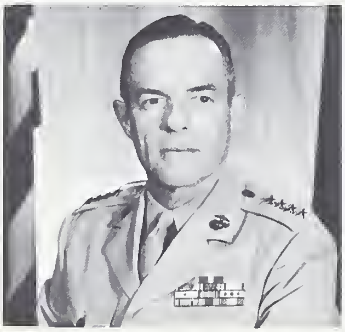
DEPARTMENT OF DEFENSE
Buy ONLY What Is Needed
HELP
ACHIEVE
ECONOMY
Buy At LOWEST Sound Price
Reduce OPERATING Costs
COST REDUCTION PROGRAM

CAMPAIGN CUTS CALLS

Letters, messages, and the Military Affiliates Radio System (MARS) replaced $9,186 worth of long-distance telephone calls at Randolph AFB (Texas) last year. The "Save-a-Call" campaign is being promoted via base newspapers and bulletin boards.

Policy issued by the Air Force Logistics Command permits only emergency calls on commercial lines. Emergencies, according to the AFLC directive, are national emergencies, earthquakes, floods, and other such occurrences where Air Force property or the national defense would be involved. And at Suffolk AFB (New York) Lt. Joseph Green (in photo below), an economy-minded communications officer, removed all nonessential intercom systems, telephones, extensions, and telephone buttons, buzzers, and lights. He was also able to reduce the number of tactical radio facilities. His savings efforts were worth $7,000 to the Air Force.



The Commandant of the U.S. Marine Corps—General Wallace M. Green, Jr., USMC spearheaded that organization's efforts to an impressive $128 million in cost reductions in fiscal year 1964.

Daniel M. Luevano, ASA (I&L).

Graemme C. Bannerman, ASN (I&L).

Robert H. Charles, ASAF (I&L)

V/A J. M. Lyle, SC, USN, Director, DSA

The four Defense officials shown here have a direct responsibility for the success of the Defense cost reduction program.

Their goals for fiscal year 1965 are: Army—$999 million; Navy—$1,244 million; Air Force—$2,127 million; and DSA—$157 million.

FLARE

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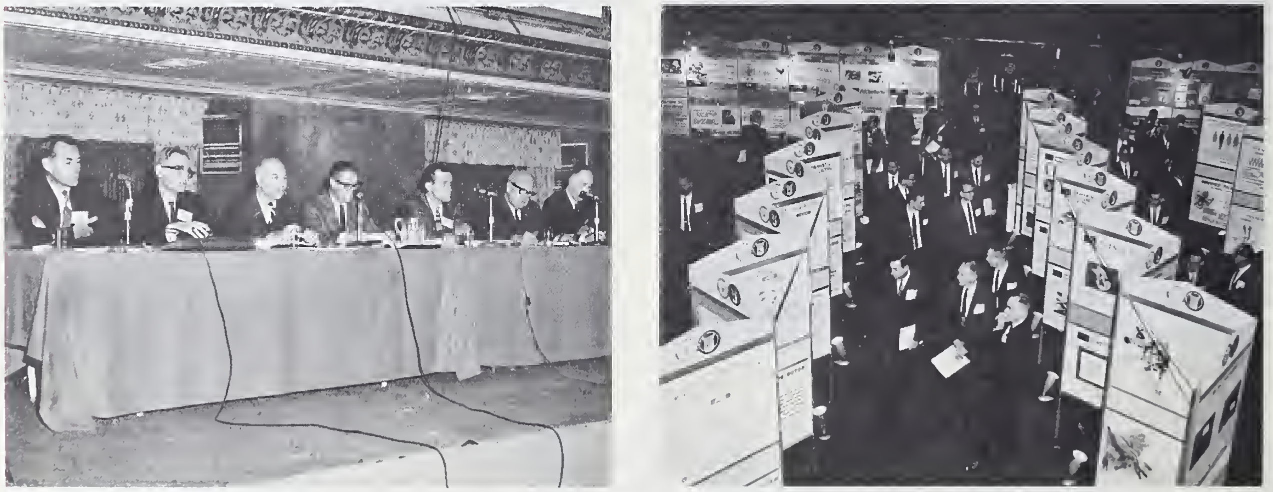
CONTRACTOR COST REDUCTION EXHIBIT

UTILIZATION OF NEW BUYING TECHNIQUES
COMPARATOR RECTIFIER
AMPLITRON DIELECTRIC OIL RESERVOIR
TEMPORARY AIR-CONDITIONED ROOM
IMPROVED PRINTED WIRING DRAWING TECHNIQUES

Two comely cost-reduction enthusiasts examine a few of the hundreds of money-saving ideas depicted on posters displayed by major Defense contractors at the Los Angeles advanced planning briefings for industry, March 3 and 4.



Above photos are representative of those taken at the advanced planning briefings for industry held recently in Los Angeles, New York, Dallas, Chicago, and Washington, D.C.

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